

Auditing Procedures Report V1.04

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Issued under Public Act 2 of 1968, as amended .

Unit Name	Whitehall Township	County	MUSKEGON	Type	TOWNSHIP	MuniCode	61-1-150
Opinion Date-Use Calendar	Jul 25, 2008	Audit Submitted -Use Calendar	Aug 1, 2008	Fiscal Year-Use Drop List	2008		

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No".

<input checked="" type="checkbox"/>	1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input checked="" type="checkbox"/>	2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
<input checked="" type="checkbox"/>	3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input type="checkbox"/>	4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
<input checked="" type="checkbox"/>	5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/>	6. Was a public hearing on the budget held in accordance with State statute?
<input checked="" type="checkbox"/>	7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input checked="" type="checkbox"/>	8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
<input checked="" type="checkbox"/>	9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/>	10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
<input checked="" type="checkbox"/>	11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input type="checkbox"/>	12. Is the local unit free of repeated reported deficiencies from previous years?
<input checked="" type="checkbox"/>	13. Is the audit opinion unqualified?
	14. If not, what type of opinion is it? <input type="text" value="NA"/>
<input checked="" type="checkbox"/>	15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
<input checked="" type="checkbox"/>	16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input checked="" type="checkbox"/>	17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
<input checked="" type="checkbox"/>	18. Are there reported deficiencies?
<input checked="" type="checkbox"/>	19. If so, was it attached to the audit report?

General Fund Revenue:	\$ 292,085.00
General Fund Expenditure:	\$ 276,226.00
Major Fund Deficit Amount:	\$ 0.00

General Fund Balance:	\$ 412,501.00
Governmental Activities Long-Term Debt (see instructions):	\$ 191,086.00

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (Reported deviations).

CPA (First Name)	Jodi	Last Name	DeKuiper	Ten Digit License Number	1101021180				
CPA Street Address	711 W. Main Street	City	Fremont	State	MI	Zip Code	49412	Telephone	924-6890
CPA Firm Name	Hendon & Slate, P.C.	Unit's Street Address	7644 Durham Road	City	Whitehall	LU Zip	49461		

**WHITEHALL TOWNSHIP
MUSKEGON COUNTY, MICHIGAN**

FINANCIAL STATEMENTS

MARCH 31, 2008

WHITEHALL TOWNSHIP

Board Members

	<u>Position</u>
Dennis Babcock	Supervisor
Dennis Atchison	Clerk
Anne Prill	Deputy Clerk
June Lydens	Treasurer
Gordon Lydens	Deputy Treasurer
David Johnson	Trustee
Tim Ryan	Trustee

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H&S Companies

Hendon & Slate, PC
Certified Public Accountants
Business Consultants

Township Board
Whitehall Township
Muskegon County, Michigan

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Whitehall Township as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Townships' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free from material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Whitehall Township, Michigan as of March 31, 2008, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 3 through 6 and 29 through 33, are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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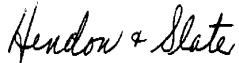
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Phone (231) 873-5611
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Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Whitehall Township, Michigan's basic financial statements. The introductory section, combining and individual non major fund statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non major fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

A handwritten signature in cursive script that reads "Hendon & Slate".

Hendon & Slate, P.C.
Certified Public Accountants
Fremont Office
July 25, 2008

WHITEHALL TOWNSHIP

Management's Discussion and Analysis March 31, 2008

Using this Annual Report

This annual report consists of a series of financial statements. The Governmental Wide Statement of Net Assets and the Government Wide Statement of Activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements.

The Township as a Whole

The Township's total net assets remained strong, climbing from \$3,631,996 to \$3,687,228 or 1.5%. State Revenue Sharing was lower than expected and interest income fell. Unrestricted net assets are 307% of total expenses. This means that the Township could operate for approximately 51 months with no additional revenues. The Township used some of its net assets during the last two fiscal years to complete projects including new tennis courts, trails, an outdoor bathroom at the hall, new hall flooring and a water system. The Township may begin a building addition during the next fiscal year.

Governmental Activities

The Township's total governmental revenues increased by \$47,039. The reason for this large increase was the contribution from the Hilt's Foundation for the purchase of Hilt's Landing. Charges for services increased \$5,859 while interest decreased \$602. Property taxes, state shared revenue and other revenues were similar to the previous year.

Expenses increased by \$10,700 from the prior year. This was due to some hall improvements and a new bathroom as well as the down payment on the Hilt's Landing land.

In a condensed format, the table below shows key financial information:

	Governmental Activities	
	<u>3/31/2008</u>	<u>3/31/2007</u>
Current Assets	\$ 426,850	\$ 407,841
Noncurrent Assets	<u>804,823</u>	<u>572,687</u>
Total Assets	<u>\$ 1,231,673</u>	<u>\$ 980,528</u>
Current Liabilities	<u>\$ 24,051</u>	<u>\$ 8,701</u>
Net Assets		
Invested in Capital Assets-Net of Debt	\$ 804,823	\$ 572,687
Unrestricted	<u>226,757</u>	<u>399,140</u>
Total Net Assets	<u>\$ 1,031,580</u>	<u>\$ 971,827</u>

Management's Discussion and Analysis (Continued)

	Governmental Activities	
	<u>3/31/2008</u>	<u>3/31/2007</u>
Program Revenues		
Charges for Services	\$ 10,517	\$ 4,658
General Revenues		
Property Taxes	91,075	88,784
State Shared Revenues	112,682	112,112
Interest Income	12,835	13,437
Miscellaneous	<u>64,976</u>	<u>26,055</u>
Total Revenues	292,085	245,046
Program Expenses		
Legislative	48,793	48,827
General Government	101,391	93,537
Public Safety	16,557	27,611
Public Works	22,540	22,066
Other Functions	21,506	19,182
Depreciation	<u>24,559</u>	<u>22,698</u>
Total Expenses	<u>235,346</u>	<u>233,921</u>
Change in Net Assets	<u>\$ 56,739</u>	<u>\$ 11,125</u>

In addition to the Change in Net Assets, the Township also had prior period adjustments which increased the net assets for government activities by \$3,014 (see Note H).

Business-Type Activities

The Township's business-type net assets dropped from \$2,660,169 to \$2,655,648 during the current year. Revenues were down \$949,911 due to the water special assessment in the prior year. Expenses were up \$86,157 due mostly to the interest on the water bond issue.

In a condensed format, the table below shows key financial information:

	Business-Type Activities	
	<u>3/31/2008</u>	<u>3/31/2007</u>
Current Assets	\$ 571,928	\$ 1,632,362
Noncurrent Assets	1,857,460	1,080,493
Other Assets	<u>1,270,377</u>	<u>1,257,250</u>
Total Assets	<u>\$ 3,699,765</u>	<u>\$ 3,970,105</u>
Current Liabilities	\$ 104,117	\$ 313,766
Noncurrent Liabilities	<u>940,000</u>	<u>996,170</u>
Total Liabilities	<u>\$ 1,044,117</u>	<u>\$ 1,309,936</u>

Management's Discussion and Analysis (Continued)

Net Assets		
Invested in Capital Assets-Net of Debt	\$ 1,286,586	\$ 1,087,431
Restricted	390,429	294,601
Unrestricted	<u>978,633</u>	<u>1,278,137</u>
Total Net Assets	<u>\$ 2,655,648</u>	<u>\$ 2,660,169</u>
	Business-Type Activities	
	<u>3/31/2008</u>	<u>3/31/2007</u>
Operating Revenues	\$ 96,010	\$ 1,045,921
Operating Expenses	<u>91,559</u>	<u>70,302</u>
Operating Income	4,451	975,619
Non Operating Revenues	68,093	67,091
Non Operating Expenses	<u>(64,989)</u>	<u>(89)</u>
Change in Net Assets	<u>\$ 7,555</u>	<u>\$ 1,042,621</u>

In addition to the Change in Net Assets, the Township also had a prior period adjustments which decreased the net assets for business-type activities by \$12,076 (see Note H).

The Township's Funds

Our analysis of the Township's major funds follows the entity wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the Township as a whole. The Township Board creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax mileages. The Township's major funds as of March 31, 2008 include the General Fund, Sewer Fund and the Water Fund. There are no non-major funds.

General Fund Budgetary Highlights

Over the course of the year, the Township Board found it necessary to amend the budget to take into account events during the year.

Capital Asset and Debt Administration

At March 31, 2008, the Township had \$3,103,316 invested in a broad range of capital assets, including land, buildings, equipment, and water and sewer systems. In addition, the Township has invested significantly in roads within the Township. These assets are not reported in the Township's financial statements because of Michigan law, which makes these roads property of the Muskegon County Road Commission (along with the responsibility to maintain them).

Management's Discussion and Analysis (Continued)

The Township entered into an agreement in the current year to purchase land from Muskegon County for \$300,000. However, as the contract specified a below-market interest rate (0%), interest was required to be imputed at 5.09% (Federal APR) which converted \$58,914 of the balance owed into interest expense that will be paid over the life of the contract. The Township will still pay \$300,000 for the land, but the outstanding contract balance will appear lower on the books due to this calculated loan discount. The General Fund will make annual payments of \$25,000 on the contract over the next 10 years. At March 31, 2008, the outstanding balance on the land contract was \$191,086. The current portion of this bond issue that will become due during the year ended March 31, 2008 is \$15,044.

The Sewer Fund has been making debt payments on a refunding bond issue. At March 31, 2008, the Township's portion of the outstanding balance on the \$6.99 million refunding bond issue of 2000 was \$1,170. The current portion of this bond issue that will become due during the year ended March 31, 2008 is \$1,170.

The Water Fund issued a \$995,000 bond issue during the prior year. The Township began making interest payments during the current year, but will not make a principal payment until next fiscal year. At March 31, 2008, the outstanding balance on the bond issue was \$995,000. The current portion of this bond issue that will become due during the year ended March 31, 2008 is \$55,000.

Economic Factors and Next Year's Budgets and Rates

The Township's General Fund budget for 2008-2009 will be similar to the 2007-2008 final amended budget. The Board also anticipates similar expenditures in the Sewer and Water Funds during 2008-2009 as it expended during 2007-20078. The Township's budget for March 31, 2008 calls for no increase in property taxes due to the limited allowed property value increases (the lesser of inflation or 5%).

Contacting the Township's Management

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Treasurer, Whitehall Township, C/O June Lydens, 7644 Durham Road, Whitehall, MI 49461.

WHITEHALL TOWNSHIP

Government Wide Statement of Net Assets March 31, 2008

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Government</u>
ASSETS			
Current Assets			
Cash	\$ 385,676	\$ 362,429	\$ 748,105
Accounts Receivable			
Usage	-	21,435	21,435
Current Special Assessment	-	102,891	102,891
Current Special Assessment Interest	-	33,089	33,089
Accounts Receivable-Fiduciary Funds	8,626	-	8,626
Taxes Receivable	9,500	-	9,500
Due from Other Funds	-	832	832
Due from Other Governments	17,706	51,252	68,958
Prepaid Insurance	5,342	-	5,342
	<hr/>	<hr/>	<hr/>
Total Current Assets	426,850	571,928	998,778
Noncurrent Assets			
Land	453,454	77,739	531,193
Depreciable Assets	532,978	2,039,145	2,572,123
Less Accumulated Depreciation	(181,609)	(259,424)	(441,033)
	<hr/>	<hr/>	<hr/>
Total Noncurrent Assets	804,823	1,857,460	2,662,283
Other Assets			
Restricted Cash	-	390,429	390,429
Long-Term Special Assessment Receivable	-	834,971	834,971
Intangible Assets	-	50,139	50,139
Less Accumulated Amortization	-	(5,162)	(5,162)
	<hr/>	<hr/>	<hr/>
Total Other Assets	-	1,270,377	1,270,377
	<hr/>	<hr/>	<hr/>
Total Assets	1,231,673	3,699,765	4,931,438

The Notes to the Financial Statements are an integral part of this statement

	Governmental Activities	Business-Type Activities	Total Primary Government
LIABILITIES			
Current Liabilities			
Accounts Payable	2,696	47,947	50,643
Accrued Payroll Liabilities	5,479	-	5,479
Due to Other Funds	832	-	832
Current Portion Long-Term Debt	<u>15,044</u>	<u>56,170</u>	<u>71,214</u>
Total Current Liabilities	24,051	104,117	128,168
Noncurrent Liabilities			
Long-Term Debt	<u>176,042</u>	<u>940,000</u>	<u>1,116,042</u>
Total Liabilities	200,093	1,044,117	1,244,210
NET ASSETS			
Invested in Capital Assets			
Net of Related Debt	804,823	1,286,586	2,091,409
Restricted	-	390,429	390,429
Unrestricted/Undesignated	<u>226,757</u>	<u>978,633</u>	<u>1,205,390</u>
Total Net Assets	<u>\$ 1,031,580</u>	<u>\$ 2,655,648</u>	<u>\$ 3,687,228</u>

The Notes to the Financial Statements are an integral part of this statement

WHITEHALL TOWNSHIP

Government Wide Statement of Activities March 31, 2008

			Net (Expenses) Revenue and Changes in Net Assets		
			Primary Government		
			Governmental	Business-Type	Total
	Expenses	Program Revenues Charges for Services	Activities	Activities	
Primary Government					
Governmental Activities:					
Legislative	\$ 48,793	\$ -	\$ (48,793)	\$ -	\$ (48,793)
General Government	101,391	10,517	(90,874)	-	(90,874)
Public Safety	16,557	-	(16,557)	-	(16,557)
Public Works	22,540	-	(22,540)	-	(22,540)
Other Functions	21,506	-	(21,506)	-	(21,506)
Depreciation	24,559	-	(24,559)	-	(24,559)
Total Governmental Activities	235,346	10,517	(224,829)	-	(224,829)
Business-Type Activities:					
Sewer	74,087	67,772	-	(6,315)	(6,315)
Water	82,461	-	-	(82,461)	(82,461)
Total Primary Government	<u>\$ 391,894</u>	<u>\$ 78,289</u>	(224,829)	(88,776)	(313,605)
General Revenues:					
Property Taxes			91,075	-	91,075
State Shared Revenue			112,682	-	112,682
Sewer Connections			-	28,238	28,238
Interest Income			12,835	68,093	80,928
Miscellaneous			64,976	-	64,976
Total General Revenues			<u>281,568</u>	<u>96,331</u>	<u>377,899</u>
Change in Net Assets			56,739	7,555	64,294
Prior Period Adjustments - Note H			3,014	(12,076)	(9,062)
Net Assets - Beginning			<u>971,827</u>	<u>2,660,169</u>	<u>3,631,996</u>
Net Assets - Ending			<u>\$ 1,031,580</u>	<u>\$ 2,655,648</u>	<u>\$ 3,687,228</u>

The Notes to the Financial Statements are an integral part of this statement.

WHITEHALL TOWNSHIP

Governmental Fund Balance Sheet
March 31, 2008

	<u>General Fund</u>
ASSETS	
Cash	\$ 385,676
Taxes Receivable	9,500
Due from Other Funds	8,626
Due from Other Governments	<u>17,706</u>
Total Assets	<u><u>\$ 421,508</u></u>
LIABILITIES	
Accounts Payable	\$ 2,696
Accrued Payroll Liabilities	5,479
Due to Other Funds	<u>832</u>
Total Liabilities	9,007
FUND BALANCES	
Undesignated	<u>412,501</u>
Total Fund Balances	<u>412,501</u>
Total Liabilities and Fund Balances	<u><u>\$ 421,508</u></u>

The Notes to the Financial Statements are an integral part of this statement.

WHITEHALL TOWNSHIP

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets For the Year Ended March 31, 2008

Total Governmental Fund Balances	\$	412,501
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Total net assets reported for governmental activities in the statement of net assets are different from the amount reported as total governmental funds fund balance because:

Prepaid Insurance reflects amounts that will be used in a future period.	5,342
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Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund statements. Amounts reported for governmental activities in the statement of net assets:

Governmental Capital Asset	\$ 986,432	
Governmental Accumulated Depreciation	<u>(181,609)</u>	804,823

Long-term liabilities, including notes payable, are not due in the current period and therefore are not reported in the fund statements. Long-term liabilities reported in the statement of net assets that are not reported in the funds balance sheet are:

General Obligation Debt - Hilt's Landing	(250,000)	
Loan Discount - Net of Amortization	<u>58,914</u>	<u>(191,086)</u>

Total Net Assets - Governmental Activities:	<u>\$</u>	<u>1,031,580</u>
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The Notes to the Financial Statements are an integral part of this statement.

WHITEHALL TOWNSHIP

Governmental Fund Statement of Revenue, Expenditures and Changes in Fund Balance March 31, 2008

	General Fund
Revenues	
Property Taxes	\$ 68,322
Property Tax Administration Fee	22,753
State Shared Revenue	112,682
Penalties and Interest	909
Charges for Services	10,517
Interest	12,835
Refunds and Reimbursements	3,424
Licenses and Permits	3,975
Miscellaneous	6,668
Contributions	50,000
	<hr/>
Total Revenues	292,085
Expenditures	
Legislative	48,793
General Government	101,391
Public Safety	16,557
Public Works	22,541
Other Functions	21,336
Capital Outlay	65,608
	<hr/>
Total Expenditures	276,226
	<hr/>
Excess Revenue Over (Under) Expenditures	15,859
Prior Period Adjustments - Note H	3,014
Fund Balance - Beginning	393,628
	<hr/>
Fund Balance - Ending	<u><u>\$ 412,501</u></u>

The Notes to the Financial Statements are an integral part of this statement.

WHITEHALL TOWNSHIP

Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended March 31, 2008

Net Change in Fund Balances - Total Governmental Funds	\$	15,859
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Amounts reported for governmental activities in the statement of activities are different because:

Prepaid Insurance reflects amounts that will be used in a future period.	(169)
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The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expense.

Capital outlay reported in governmental fund statements	65,608	
Depreciation expense reported in the statement of activities	<u>(24,559)</u>	<u>41,049</u>

Changes in Net Assets - Governmental Activities	\$	<u><u>56,739</u></u>
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The Notes to the Financial Statements are an integral part of this statement.

WHITEHALL TOWNSHIP

Proprietary Fund Statement of Net Assets March 31, 2008

	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
ASSETS			
Current Assets			
Cash	\$ 171,600	\$ 190,829	\$ 362,429
Accounts Receivable			
Usage	21,435	-	21,435
Current Special Assessment	45,894	56,997	102,891
Current Special Assessment Interest	16,551	16,538	33,089
Due From Other Funds	100,113	719	100,832
Due From Other Governments	<u>-</u>	<u>51,252</u>	<u>51,252</u>
Total Current Assets	355,593	316,335	671,928
Noncurrent Assets			
Land	77,739	-	77,739
Machinery and Equipment	1,031,075	1,008,070	2,039,145
Less Accumulated Depreciation	<u>(247,663)</u>	<u>(11,761)</u>	<u>(259,424)</u>
Total Noncurrent Assets	861,151	996,309	1,857,460
Other Assets			
Restricted Cash	390,429	-	390,429
Long-Term Special Assessment Receivable	139,961	695,010	834,971
Intangible Assets	14,168	35,971	50,139
Less Accumulated Amortization	<u>(5,162)</u>	<u>-</u>	<u>(5,162)</u>
Total Other Assets	<u>539,396</u>	<u>730,981</u>	<u>1,270,377</u>
Total Assets	\$ 1,756,140	\$ 2,043,625	\$ 3,799,765

The Notes to the Financial Statements are an integral part of this statement

	Sewer Fund	Water Fund	Total
	<u> </u>	<u> </u>	<u> </u>
LIABILITIES			
Current Liabilities			
Accounts Payable	\$ 47,947	\$ -	\$ 47,947
Due to Other Funds	-	100,000	100,000
Current Portion Long-Term Debt	<u>1,170</u>	<u>55,000</u>	<u>56,170</u>
 Total Current Liabilities	 49,117	 155,000	 204,117
Noncurrent Liabilities			
Long-Term Debt	<u>-</u>	<u>940,000</u>	<u>940,000</u>
 Total Liabilities	 49,117	 1,095,000	 1,144,117
NET ASSETS			
Invested in Capital Assets			
Net of Related Debt	870,157	416,429	1,286,586
Restricted	390,429	-	390,429
Unrestricted	<u>446,437</u>	<u>532,196</u>	<u>978,633</u>
 Total Net Assets	 <u>\$ 1,707,023</u>	 <u>\$ 948,625</u>	 <u>\$ 2,655,648</u>

The Notes to the Financial Statements are an integral part of this statement

WHITEHALL TOWNSHIP

Proprietary Fund Statement of Revenue, Expenses and Changes in Net Assets For the Year Ended March 31, 2008

	Sewer Fund	Water Fund	Total
	<u> </u>	<u> </u>	<u> </u>
Operating Revenues			
Fees	\$ 67,772	\$ -	\$ 67,772
Connections	<u>28,238</u>	<u>-</u>	<u>28,238</u>
 Total Revenues	 96,010	 -	 96,010
Operating Expenses			
Payroll Expenses	3,552	-	3,552
Contracted Services	33,648	-	33,648
Utilities	2,085	-	2,085
Professional Services	1,583	5,449	7,032
Repairs and Maintenance	12,515	350	12,865
Miscellaneous	344	-	344
Depreciation	<u>20,272</u>	<u>11,761</u>	<u>32,033</u>
 Total Operating Expenses	 <u>73,999</u>	 <u>17,560</u>	 <u>91,559</u>
 Operating Income (Loss)	 22,011	 (17,560)	 4,451
Non-Operating Revenue (Expense)			
Interest Income	23,379	44,714	68,093
Interest Expense	<u>(88)</u>	<u>(64,901)</u>	<u>(64,989)</u>
 Total Non-Operating Revenue (Expense)	 <u>23,291</u>	 <u>(20,187)</u>	 <u>3,104</u>
 Net Income	 45,302	 (37,747)	 7,555
 Prior Period Adjustment - Note H	 (12,076)	 -	 (12,076)
 Net Assets - Beginning	 <u>1,673,797</u>	 <u>986,372</u>	 <u>2,660,169</u>
 Net Assets - Ending	 <u><u>\$ 1,707,023</u></u>	 <u><u>\$ 948,625</u></u>	 <u><u>\$ 2,655,648</u></u>

The Notes to the Financial Statements are an integral part of this statement.

WHITEHALL TOWNSHIP

Proprietary Fund Statement of Cash Flows For the Year Ended March 31, 2008

	Sewer Fund	Water Fund	Total
Cash Flows from Operating Activities			
Receipts from Customers	\$ 115,788	\$ -	\$ 115,788
Receipts from Other Funds	210,000	-	210,000
Receipts from Special Assessments	-	46,619	46,619
Receipts from County-Bond Proceeds	-	560,495	560,495
Payments for Employees	(3,552)	-	(3,552)
Payments to Suppliers	(50,175)	(7,343)	(57,518)
Payments to Other Funds	(12,189)	(210,719)	(222,908)
Net Cash Provided (Used) by Operating Activities	259,872	389,052	648,924
Cash Flows from Capital and Related Financing Activities			
Principal and Interest on Capital Debt	(1,270)	(64,901)	(66,171)
Change in Restricted Cash	(95,828)	-	(95,828)
Acquisitions of Capital Assets	(169,128)	(591,641)	(760,769)
Net Cash Provided (Used) by Financing Activities	(266,226)	(656,542)	(922,768)
Cash Flows from Investing Activities			
Interest Income	23,379	44,714	68,093
Net Increase (Decrease) in Cash	17,025	(222,776)	650,846
Cash at Beginning of Year	154,575	413,605	568,180
Cash at End of Year	\$ 171,600	\$ 190,829	\$ 1,219,026
Reconciliation of Operating Income (Loss) to Net Cash			
Provided by Operating Activities			
Operating Income (Loss)	\$ 22,011	\$ (17,560)	\$ 4,451
Adjustments to Reconcile Operating Income to Net Cash			
Provided by Operating Activities			
Depreciation Expense	20,272	11,761	32,033
Change in Assets and Liabilities			
Decrease in Accounts Receivable	19,778	47,659	67,437
Decrease (Increase) in Due from Other Funds	209,887	(719)	209,168
Decrease in Due from Other Governments	-	560,495	560,495
Increase (Decrease) in Accounts Payable	-	(2,584)	(2,584)
Decrease in Due to Other Funds	-	(210,000)	(210,000)
Prior Period Adjustment - Note H	(12,076)	-	(12,076)
Net Cash Provided (Used) by Operating Activities	\$ 259,872	\$ 389,052	\$ 648,924
Supplemental Disclosures:			
Cash Paid for Interest	\$ 88	\$ 64,901	\$ 64,989

The Notes to the Financial Statements are an integral part of this statement.

WHITEHALL TOWNSHIP

Fiduciary Fund Statement of Net Assets
March 31, 2008

	<u>Trust and Agency Fund</u>
ASSETS	
Cash and Investments	<u>\$ 8,626</u>
Total Assets	<u><u>\$ 8,626</u></u>
 LIABILITIES AND NET ASSETS	
Liabilities	
Due to Other Funds	<u>\$ 8,626</u>
Total Liabilities	8,626
 Net Assets	
Unreserved	<u>-</u>
 Total Liabilities and Net Assets	<u><u>\$ 8,626</u></u>

The Notes to the Financial Statements are an integral part of this statement.

WHITEHALL TOWNSHIP

Notes to the Financial Statements
For the Year Ended March 31, 2008

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Whitehall Township conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant policies used by Whitehall Township.

A. Reporting Entity

The reporting entity is a general law township as defined by the laws of the State of Michigan. The Township is governed by a Supervisor and Township Board.

As defined by Governmental Accounting Standards Board (GASB) No. 14, the financial reporting entity consists of (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The primary government has financial accountability if it:

1. Appoints a voting majority of the organization's board, and, has the ability to impose its will on the organization; or
2. There is a potential for the component unit to provide certain financial benefits to, or impose certain financial burdens on, the primary government.

Based on this criteria, there are no other entities included in this report.

B. Joint Ventures

White Lake Ambulance Authority

The Township is a member of White Lake Ambulance Authority, which was organized to provide emergency medical services to its member units. It is a joint venture of seven governmental units governed by a board composed of one representative of each of the respective member units. It is financed through charges to persons who use the services at rates determined by the authority with any operating deficit at year end being made up by the member units in proportion to their population determined by the last census. The Township does not report an equity interest in this joint venture in these financial statements because the Township does not have an explicit and measurable right to the joint venture's resources. The Township is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future. Financial information based on the June 30, 2007 audit report of the White Lake Ambulance Authority follows:

Notes to the Financial Statements (continued)

Assets	
Current	\$ 734,402
Noncurrent	301,118
Total Assets	<u>1,035,520</u>
Liabilities	
Current	24,986
Noncurrent	59,869
Total	<u>84,855</u>
Liabilitie	
Net Assets	<u>\$ 950,665</u>
Operating Revenues	\$ 780,158
Operating Expenses	(1,090,354)
Non-Operating	<u>447,649</u>
Increase in Net	<u>\$ 137,453</u>

Complete financial statements for White Lake Ambulance Authority may be obtained from offices at the City of Whitehall, 405 East Colby Street, Whitehall, Michigan 49461.

White Lake Fire Authority

The Township is a member of White Lake Fire Authority, which was organized to provide fire protection and rescue services for its member units. It is a joint venture of three governmental units governed by an authority board composed of representatives from each of the respective member units. The joint venture is financed through a special millage based upon taxable value of property. The Township does not report an equity interest in this joint venture in these financial statements because the Township does not have an explicit and measurable right to the joint venture's resources. The Township is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future. As more recent data is not available, financial information based on the December 31, 2006 audit report of the White Lake Fire Authority follows:

Total Assets	\$ 2,350,755
Total Liabilities	903,469
Net Assets	<u>\$ 1,447,286</u>
Operating Revenues	\$ 575,630
Operating Expenses	<u>(569,963)</u>
Increase in Net	<u>\$ 5,667</u>

Complete financial statements for White Lake Fire Authority may be obtained from offices at the City of Whitehall, 405 East Colby Street, Whitehall, Michigan 49461.

C. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment.

Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter is excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

D. Measurement Focus, basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Revenues are recognized in the accounting period in which they become susceptible to accrual, that is when they become both measurable and available to finance expenditures of the fiscal period.

1. State Shared Revenue Receivable

State Shared Revenue is distributed in six installments per year. Often the last payment has not been received by March 31; therefore, a receivable is recorded for this amount. For fiscal year-end March 31, 2008, this amount was \$17,706.

2. Property Taxes Receivable

The Township property tax is levied on each December 1st on the taxable valuation of the property (as defined by state statutes) located in the Township as of the preceding December 31st. The taxes are due on September 14th and February 14th, with the final collection date of February 28th before they are added to the County tax rolls. The 2007 delinquent taxes of \$9,500 were not received as of March 31, 2008 and were therefore recorded as a receivable.

The 2007 taxable valuation of the Township totaled \$63,046,363 on which ad valorem taxes levied consisted of 1.3 mills for general operating, raising \$68,322 for operating and \$22,753 for PTAF. These amounts are recognized in the general fund financial statements as current tax revenue.

The government reports the following major governmental funds:

The General fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The government reports the following major governmental funds:

The Sewer Fund accounts for the operating activities of the sewer system.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in the government-wide financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Proprietary Funds distinguish operating revenue and expenses from non-operating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary fund relates to charges to customers for services. Operating expenses for the proprietary fund include the cost of operating and maintaining the sewer system . All operating revenue and expenses not meeting this criteria are reported as non-operating revenue and expenses.

E. Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value. Pooled investment income is generally allocated to each fund based on the cash balance in each fund.

Receivables and Payables - In general, outstanding balances between funds are reported as "due to/from other funds". Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds".

Inventories and Prepaid Items - Payments for inventorable types of supplies are recorded as expenditures at the time of purchase. Normally expenditures are not divided between years by the recording of prepaid expenses. There were no material inventories at year end.

Fund Equity - Designations and reservations of fund balance and retained earnings represent amounts that are not appropriable or are legally segregated for a specific purpose. Designations of fund balance exist in the General Fund for amounts to be spent on building improvements and equipment. Reservations of retained earnings exist in the Sewer Fund for debt service as these assets are reserved for redemption of long-term debt.

Capital Assets - Capital assets, which include property, plant and equipment, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of one years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Buildings	15 to 50 years
Building Improvements	15 to 50 years
Land Improvements	15 years
Equipment	5 to 7 years

NOTE B STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end. The Township approves its originally adopted budget by the end of the current fiscal year. Amendments are approved periodically during the year.

The budget document presents information by fund, activity, and line items. The legal level of budgetary control adopted by the governing body is the activity level.

The Township does not utilize encumbrance accounting.

Excess of Expenditures Over Appropriations in Budgeted Funds - During the year, the Local Governmental Unit did not incur expenditures in budgeted funds which were materially in excess of the amounts appropriated.

NOTE C DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the Township to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The Township is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The Township Board has designated six banks for the deposit of Local Unit funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government, bank accounts and CD's, bankers' acceptances of United States banks, and mutual funds under the Investment Company Act of 1940, but not the remainder of State statutory authority as listed above.

The Township's deposits and investment policy are in accordance with statutory authority.

The Township's deposits were reported in the basic financial statements in the following categories:

	Governmental Activities	Business- Type Activities	Fiduciary Funds	Total
Cash and Cash	\$ 385,676	\$ 752,858	\$ 8,626	\$ 1,147,160

Notes to the Financial Statements (continued)

The bank balance of the Township's deposits was \$1,251,780, of which \$580,865 was covered by federal depository insurance, and \$670,915 was uninsured.

The Township believes that due to the dollar amounts of cash deposits and the limits of FDIC and NCUA insurance, it is impractical to insure all bank deposits. As a result, the Township evaluates each financial institution with which it deposits Township funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Investments are normally categorized to give an indication of the level of risk assumed by the Township; however, cash management funds are not categorized because they are not evidenced by securities that exist in physical or book entry form. Management believes the investments in the funds comply with the investment authority noted above.

NOTE D CAPITAL ASSETS

Capital asset activity of the primary government of the current year was as follows:

<u>Class</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital Assets not being depreciated				
Land	\$ 212,368	\$ 241,086	\$ -	\$ 453,454
Capital Assets being depreciated				
Buildings	251,199	11,616	-	262,815
Equipment	38,588	2,868	-	41,456
Land Improvements	<u>227,583</u>	<u>1,124</u>	<u>-</u>	<u>228,707</u>
Total at Historical Cost	517,370	15,608	-	532,978
Less Accumulated Depreciation for				
Buildings	(55,550)	(7,637)	-	(63,187)
Equipment	(27,357)	(4,416)	-	(31,773)
Land Improvements	<u>(74,143)</u>	<u>(12,506)</u>	<u>-</u>	<u>(86,649)</u>
Total Accumulated Depreciation	<u>(157,050)</u>	<u>(24,559)</u>	<u>-</u>	<u>(181,609)</u>
Total Governmental Activities				
Capital Assets-Net of Depreciation	<u>\$ 572,688</u>	<u>\$ 232,135</u>	<u>\$ -</u>	<u>\$ 804,823</u>

Notes to the Financial Statements (continued)

Business-Type Activities

Capital Assets being depreciated

Water System	\$ 452,400	\$ 591,641	\$ -	\$ 1,044,041
Sewer System	905,907	217,075	-	1,122,982

Total at Historical Cost	1,358,307	808,716	-	2,167,023
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Less Accumulated Depreciation for

Water System	-	(11,761)	-	(11,761)
Sewer System	(232,553)	(20,272)	-	(252,825)

Total Accumulated Depreciation	(232,553)	(32,033)	-	(264,586)
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Total Business-Type Activities Capital

Assets - Net of Depreciation	<u>\$ 1,125,754</u>	<u>\$ 776,683</u>	<u>\$ -</u>	<u>\$ 1,902,437</u>
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All Activities

Governmental	\$ 729,738	\$ 256,694	\$ -	\$ 986,432
Business-Type	1,358,307	808,716	-	2,167,023

Total at Historical Cost	2,088,045	1,065,410	-	3,153,455
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Less Accumulated Depreciation for

Governmental	(157,050)	(24,559)	-	(181,609)
Business-Type	(232,553)	(32,033)	-	(264,586)

Total Accumulated Depreciation	(389,603)	(56,592)	-	(446,195)
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All Activities Capital Assets - Net
of Depreciation

	<u>\$ 1,698,442</u>	<u>\$ 1,008,818</u>	<u>\$ -</u>	<u>\$ 2,707,260</u>
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Depreciation expense was charged to programs of the primary government as follows:

Governmental Activities

Unallocated	24,558
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Business-Type Activities

Operating	<u>32,032</u>
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Total Depreciation	<u>\$ 56,590</u>
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NOTE E PENSION PLAN

The Township provides pension benefits to all of its elected officials through a defined contribution plan administered by Nationwide Retirement Services, Inc. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate on April 1st of each year. As established by the Township Board, the plan is funded by participants to the extent they elect to defer a portion of their compensation into the plan, and by a matching contribution from the Township. The Township's contributions for each employee (plus interest allocated to the employee's account) are fully vested immediately upon deposit of the contribution by the Township. The contribution is 12% of compensation with a minimum annual contribution of \$550. The Township's current year pension cost was \$8,575. Covered payroll for the current year was \$60,780, and total payroll of the Township was \$82,575.

NOTE F LONG-TERM DEBT

The long-term debt of the Township consists of a General Fund land contract, a Sewer Fund Muskegon County Wastewater Management System Bond, and a Water Fund Expansion Bond. Whitehall Township bears an obligation for 100% of the General Fund debt, .056% of the Sewer Fund bond obligation, and 100% of the Water Fund bond obligation. The long-term debt is comprised of the following at March 31, 2008:

Hilt's Land Contract - \$300,000 Land Contract due in annual installments of \$25,000 through 2018; interest at 0%. As the state interest rate is below market rates, the Township has calculated an imputed interest rate and discounted the balance of the debt owed. This discount of the total purchase price is to be amortized over the life of the land contract and the debt balance will be reported net of the discount and related amortization. The Township imputed interest on the land contract using the applicable Federal rate for long-term holding periods as of September 2007 of 5.09%. The present value of the \$300,000 note over 10 years at 5.09% is \$241,086. The discount is therefore \$58,914. After the initial down payment of \$50,000, the remaining principal balance as of March 31, 2008 was \$191,086.

General Fund debt service requirements at March 31, 2008 were as follows:

<u>Year End March 31.</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 15,044	\$ 9,956
2010	15,827	9,173
2011	16,652	8,348
2012	17,520	7,480
2013	18,433	6,567
2014 - 2018	<u>107,610</u>	<u>17,390</u>
Total	<u>\$ 191,086</u>	<u>\$ 58,914</u>

Notes to the Financial Statements (continued)

	<u>Balance 4/1/2007</u>	<u>Debt Added</u>	<u>Debt Retired</u>	<u>Balance 3/31/2008</u>
Change in Debt	<u>\$ -</u>	<u>\$ 241,086</u>	<u>\$ (50,000)</u>	<u>191,086</u>

2002 Muskegon County Wastewater Management System Bonds - \$6,990,000 Refunding Bond Issue due in annual installments of \$1,340 to \$1,200 through 2009; interest payable semiannually at 5.0%. The remaining principal balance as of March 31, 2008 was \$1,170.

Sewer Fund debt service requirements at March 31, 2008 were as follows:

<u>Year End March 31,</u>	<u>Principal</u>	<u>Interest</u>
2009	<u>\$ 1,170</u>	<u>\$ 29</u>
Total	<u>\$ 1,170</u>	<u>\$ 29</u>

	<u>Balance 4/1/2007</u>	<u>Debt Retired</u>	<u>Balance 3/31/2008</u>
Change in Debt	<u>\$ 2,352</u>	<u>\$ (1,182)</u>	<u>\$ 1,170</u>

2006 Water Business Assessment District Bonds - \$995,000 Bond Issue due in annual installments of \$55,000 to \$85,000 through 2021; interest payable semiannually at 4.2%. The remaining principal balance as of March 31, 2008 was \$995,000.

Water Fund debt service requirements at March 31, 2008 were as follows:

<u>Year End March 31,</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 55,000	\$ 20,495
2010	55,000	38,790
2011	60,000	36,590
2012	60,000	34,190
2013	65,000	31,790
2014 - 2018	360,000	117,540
2019 - 2023	<u>340,000</u>	<u>36,125</u>

Total	<u>\$ 995,000</u>	<u>\$ 315,520</u>
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	<u>Balance 4/1/2007</u>	<u>Debt Retired</u>	<u>Balance 3/31/2008</u>
Change in Debt	<u>\$ 995,000</u>	<u>\$ -</u>	<u>995,000</u>

NOTE G RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets and omissions; and natural disasters for which the Township carries commercial insurance. Liabilities in excess of insurance coverage, if any, are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

NOTE H PRIOR PERIOD ADJUSTMENTS

The Township restated, as of March 31, 2008 the fund balance of the General Fund due to not recording an amount due from the Trust & Agency Fund during the prior year. The fund balance of the General Fund was increased by \$8,487. The amount was collected from the Trust & Agency Fund during the current fiscal year.

The Township also restated, as of March 31, 2008 the fund balance of the General Fund due to an unrecorded account payable for the fees associated with the Township retirement plan during the prior year. The fund balance of the General Fund was decreased by \$5,473. The amount owed was paid in full during the current year upon the close of the plan with John Hancock and the subsequent opening of the Nationwide Financial Services, Inc. plan.

The net of these adjustments to the total governmental fund balance was an increase of \$3,014.

The Township also restated, as of March 31, 2008, the net assets of the Sewer Fund due to not recording an amount due to the Trailer & Delinquent Agency Fund during the prior year. The fund balance of the Sewer Fund was decreased by \$12,076. The amount was paid to the Trailer & Delinquent Agency Fund during the current fiscal year.

The net of the adjustments to the total business-type net assets was a decrease of \$12,076.

WHITEHALL TOWNSHIP

Required Supplementary Information Budgetary Comparison Schedule for the General fund For the Year Ended March 31, 2008

	Budgeted Amounts			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
Beginning Year Fund Balance	\$ 393,628	\$ 393,628	\$ 393,628	\$ -
Resources (Inflows)				
Property Taxes	65,250	65,250	68,322	3,072
Penalties and Interest	500	500	909	409
PTAF	25,100	25,100	22,753	(2,347)
State Shared Revenue	117,000	117,000	112,682	(4,318)
Charges for Services	10,500	10,500	10,517	17
Interest	10,000	10,000	12,835	2,835
Refunds and Reimbursements	10,000	10,000	3,424	(6,576)
Licenses and Permits	9,000	9,000	3,975	(5,025)
Miscellaneous	3,000	3,000	6,668	3,668
Contributions	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
Amounts Available for Appropriation	693,978	693,978	685,713	(8,265)
Charges to Appropriations (Outflows)				
Legislative	63,957	63,957	48,793	15,164
General Government	121,050	184,801	165,875	18,926
Public Safety	27,100	27,100	16,557	10,543
Public Works	87,000	37,420	23,665	13,755
Other Functions	<u>25,500</u>	<u>62,770</u>	<u>21,336</u>	<u>41,434</u>
Total Charges to Appropriation	324,607	376,048	276,226	99,822
Prior Period Adjustments - Note H	<u>-</u>	<u>-</u>	<u>3,014</u>	<u>(3,014)</u>
Budgetary Fund Balance - March 31, 2008	<u>\$ 369,371</u>	<u>\$ 317,930</u>	<u>\$ 412,501</u>	<u>\$ 91,557</u>

The Notes to the Financial Statements are an integral part of this statement.

WHITEHALL TOWNSHIP

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund For the Year Ended March 31, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
Revenues			
Property Taxes	\$ 65,250	\$ 68,322	\$ 3,072
Penalties and Interest	500	909	409
Property Tax Administration Fee	25,100	22,753	(2,347)
State Shared Revenue	117,000	112,682	(4,318)
Charges for Services	10,500	10,517	17
Interest	10,000	12,835	2,835
Refunds and Reimbursements	10,000	3,424	(6,576)
Licenses and Permits	9,000	3,975	(5,025)
Miscellaneous	3,000	6,668	3,668
Contributions	<u>50,000</u>	<u>50,000</u>	<u>-</u>
Total Revenues	300,350	292,085	(8,265)
Expenditures			
Legislative			
Township Board			
Salaries and Wages		20,602	
Printing and Publishing		2,429	
Supplies		3,572	
Professional Services		9,388	
Miscellaneous		10,778	
Education and Training		838	
Transportation		479	
Repairs and Maintenance		<u>707</u>	
Total Legislative	63,957	48,793	15,164
General Government			
Supervisor			
Salaries and Wages		<u>12,900</u>	
	\$ 12,900	\$ 12,900	\$ -

Statement of Revenues, Expenditures and
Changes in Fund Balance - General Fund (continued)

Elections			
Salaries and Wages	\$	2,389	
Supplies		<u>50</u>	
	\$	6,700	2,439
			\$ 4,261
Clerk			
Salaries and Wages - Clerk		12,900	
- Deputy		<u>4,450</u>	
	17,350	17,350	-
Treasurer			
Salaries and Wages - Clerk		18,900	
- Deputy		4,450	
Office Supplies		<u>888</u>	
	24,240	24,238	2
Assessor			
Supplies		3,070	
Professional Services		<u>9,807</u>	
	13,700	12,877	823
Township Hall and Grounds			
Repairs and Maintenance		7,068	
Utilities		5,739	
Miscellaneous		331	
Capital Outlay		<u>14,484</u>	
	28,420	27,622	798
Board of Review			
Salaries and Wages		930	
Miscellaneous		1,771	
Printing and Publishing		<u>658</u>	
	\$ 4,891	\$ 3,359	\$ 1,532

Statement of Revenues, Expenditures and
Changes in Fund Balance - General Fund (continued)

Township Property			
Miscellaneous		\$ 15,090	
Capital Outlay		<u>50,000</u>	
	<u>\$ 76,600</u>	<u>65,090</u>	<u>\$ 11,510</u>
Total General Government	184,801	165,875	18,926
Public Safety			
Planning Commission			
Salaries and Wages		1,520	
Education and Training		40	
Printing and Publishing		1,076	
Professional Services		<u>3,270</u>	
	14,050	5,906	8,144
Zoning/Board of Appeals			
Salaries and Wages		75	
Transportation		<u>23</u>	
	1,700	98	1,602
Ambulance	50	-	50
Police			
Contracted Services	11,200	10,553	647
Fire	50	-	50
Building Inspection	<u>50</u>	<u>-</u>	<u>50</u>
Total Public Safety	27,100	16,557	10,543
Public Works			
Highways, Streets and Bridges			
Contracted Services	5,000	359	4,641
Street Lighting			
Utilities	10,870	10,861	9
Transfer Station	\$ 8,050	\$ 8,038	\$ 12

Statement of Revenues, Expenditures and
Changes in Fund Balance - General Fund (continued)

Department of Public Works			
Salaries and Wages		<u>\$ -</u>	
	\$ 3,500	-	\$ 3,500
Blue Ribbon Committee			
Salaries and Wages		1,000	
Miscellaneous		2,283	
Capital Outlay		<u>1,124</u>	
	<u>10,000</u>	<u>4,407</u>	<u>5,593</u>
Total Public Works	37,420	23,665	13,755
Other Functions			
Pension		8,575	
Payroll Taxes		5,796	
Insurance		<u>6,965</u>	
Total Other Functions	<u>62,770</u>	<u>21,336</u>	<u>41,434</u>
Total Expenditures	<u>376,048</u>	<u>276,226</u>	<u>99,822</u>
Excess Revenues Over (Under) Expenditures	<u>\$ (75,698)</u>	15,859	<u>\$ 91,557</u>
Prior Period Adjustments - Note H		3,014	
Fund Balance - Beginning		<u>393,628</u>	
Fund Balance - Ending		<u><u>\$ 412,501</u></u>	

H&S Companies

Hendon & Slate, PC
Certified Public Accountants
Business Consultants

July 25, 2008

Whitehall Township Board
Muskegon County, MI

We have audited the financial statements of Whitehall Township for the year ended March 31, 2008, and have issued our report thereon dated July 25, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibilities under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated May 14, 2008, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the internal control of Whitehall Township. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of Whitehall Township's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on June 17, 2008.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Whitehall Township are described in Note A to the financial statements. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because

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of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimate of depreciation on fixed assets is based on the straight-line method of depreciation over the useful lives of the related asset.

We evaluated the key factors and assumptions used to develop the value of these items in determining that it is reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated July 25, 2008.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

Internal controls are designed to safeguard assets and help or detect losses from employee dishonesty or error. We are including the following comments and recommendations regarding internal controls:

PRIOR YEAR COMMENTS:

During our audit of the March 31, 2007 financial statements, we made the following recommendations that were not implemented as of March 31, 2008:

- Cash Balances – In the previous year, we commended the treasurer and clerk for reconciling their cash balances at least monthly. However, we noted this year that the balances kept by the treasurer differed greatly from the balances kept by the clerk. As the books of the clerk are the official records of the Township, it is imperative that the accounting system be kept up to date and reconciled with the books of the treasurer. We suggest that Board implement a control that would ensure that the cash balances (individually by bank account) of the treasurer are compared with those of the clerk at least as often as monthly. One possible control would be to require that both the treasurer and clerk report cash balances by bank account at the monthly Board meeting. If the amounts are significantly different, the Board

should require an updated report at the next meeting explaining the reconciling items and that those items have been adjusted in the appropriate set of books.

- Separating Cash Accounts in QuickBooks – We asked the clerk to consider splitting the cash accounts within the accounting software so that there is a separate cash account in the software for each and every bank account (checking, savings or cd's). While we were pleased to see that the clerk split out the interest income accounts by bank, we would like to reiterate our suggestion related to the cash accounts. The Township has 15 different accounts with 4 different banks and without splitting the accounts, it makes it nearly impossible for the clerk to know how his balances compare with the treasurer. We needed considerable extra time to reconcile the differences between the balances of the treasurer and the clerk. Had the accounts been split out individually and reconciled between the treasurer and the clerk, this time could have been minimized or even eliminated.
- Chart of Accounts – We previously made the Board aware that the chart of accounts currently being used by the Township is not in conformity with the State's updated Uniform Chart of Accounts. Specifically, the account numbers for Elections, Assessor, Planning, and Zoning activities need to be changed from their old number (191, 209, 400, and 410) to their new numbers (262, 257, 721, and 722). These changes should be made within the Township's accounting software as well as be reflected in the budgeting process. We will again provide the Board with a sample of the Uniform Chart of Accounts to aid in this process. Please reference pages 10 and 11.

CURRENT YEAR COMMENTS:

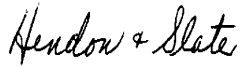
Along with the comments from prior years, we also offer the following:

- Unrecorded Water Fund Receipts – We noted that several receipts were not recorded in the accounting software of the Water Fund. The receipts were recorded by the treasurer and were properly deposited in the bank, but the transactions did not appear in the financial reports from the accounting software. Once we recorded the missing receipts, we were able to reconcile the cash accounts to the bank statements. If the treasurer and clerk do not record all of the transactions, it will be impossible for them to tie their cash balances out at the end of each month. As discussed above under prior year comments, we again strongly urge the Board to verify that the treasurer's cash balances tie to the clerk's cash balances from the accounting software at least monthly.
- Budgeting for Debt Service/Related Contribution – During the year, the Township entered into an agreement to purchase Hilt's Landing from Muskegon County. The Township will make 10 annual installments of \$25,000 to complete the purchase. The Township also entered into an agreement with the Hilt Foundation that states the Foundation will pay the Township \$15,000 per year for 10 years to assist the Township in making the \$25,000 payment to the County. The Township should budget for this revenue from the Foundation as a contribution (account 675). The Township should also budget for the payment to the County as a debt service payment (account 901-904).
- Segregation of Duties – While the Township is following the common practice amongst small governments of having the treasurer bear all of the responsibility for accounting for tax receipts and disbursements, the Uniform Accounting Procedures Manual does state that the clerk is to have a role in this process. Per the Manual, the Township should have a separate set of accounts similar to any other fund (such as the General Fund) and should use the same practices for accounting for transactions. That is to say that the Treasurer should receipt tax revenues and provide the receipt to the clerk to be recorded in the Trust and Agency Fund accounting records. The clerk should also record all of the checks out of the Trust and Agency Fund and reconcile the accounts of this fund with the treasurer's records. Since the Township has two Trust and Agency Fund types (Current Tax Collections fund and Trailer and Delinquent tax fund), the clerk's set of records would include two additional "companies" within QuickBooks appropriately titled for each fund. We understand that the Township may see this as an unnecessary series of steps that have never been performed and are often not performed by other Townships, but we view this as an opportunity to both comply with the Uniform Accounting Procedures Manual as well as strengthening the internal controls over cash and the entire tax collection and disbursement process. We have included a copy of the Uniform Accounting Procedures Manual and would be happy to assist the township in implementing these changes.

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Township's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Directors and management of Whitehall Township and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in cursive script that reads "Hendon & Slate".

Hendon & Slate, P.C.
Certified Public Accountants
Fremont Office

H&S Companies

Hendon & Slate, PC
Certified Public Accountants
Business Consultants

July 25, 2008

Board Members
Whitehall Township
Muskegon County, MI

Dear Board Members:

In planning and performing our audit of the financial statements of Whitehall Township as of and for the year ended March 31, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered Whitehall Township's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies and other deficiencies to be material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control. We consider the following deficiencies to be significant deficiencies in internal control.

Controls over Non-Routine and Non-Systematic Transactions

The Township does not have controls in place whereby journal entries are reviewed by individuals independent of the person initiating the transactions.

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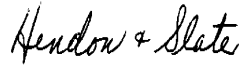
Controls over Financial Statement Preparation

The Township currently does not have personnel available with sufficient expertise to select and apply the accounting principles necessary to prepare the financial statements and note disclosures contained in the audit report.

This communication is intended solely for the information and use of management, and the board of director's of Whitehall Township and others within the department , and is not intended to be and should not be used by anyone other than these specified parties.

Thank you for the courtesy extended to us during the audit. We look forward to a continued relationship with Whitehall Township . If you have any questions regarding the audit report, this letter or any other communications, please do not hesitate to call.

Respectfully submitted,

A handwritten signature in cursive script that reads "Hendon & Slate".

Hendon & Slate, P.C.
Certified Public Accountants
Fremont Office